It is inappropriate to allocate these fixed costs solely to one or another class of calls. From an economic perspective, the payphone provider must incur these fixed costs in order to provide the payphone in the first place. If all payphone calls could be priced in a free marketplace, the payphone provider would recover its fixed costs from all calls. Relatively more of the fixed costs would be recovered from calls that are less price-sensitive, and relatively fewer would be recovered from calls that are more price-sensitive.

IXCs have claimed that the costs of the coin-calling technology incorporated in payphones should be attributed only to coin calls. However, the record in the earlier proceeding reveals, and it is undisputed, that very few locations will support the installation of coinless-only payphones. In the vast majority of locations, a payphone will not be available to make either coin or non-coin calls absent the investment in technology supporting both types of calls. Therefore, it is appropriate to attribute fixed coin technology costs to all calls -- not to coin calls alone. The payphone provider cannot save money on coin technology by reducing the number of coin calls handled by the payphone. Therefore, there is no rational basis for assuming that the cost of coin technology should be reflected only in the price of local coin calls and not in the price of other types of calls, including dial-around calls.[11]

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11 Furthermore, the carriers' "coinless payphone" analysis, when corrected for logical inconsistencies, actually demonstrates that dial-around compensation should *exceed* the price of a local coin call. Based on costs that it attributed to the operation of non-coin payphones, AT&T estimated costs of 6-11 cents per call. AT&T 1996 Petition for Reconsideration at 7, citing AT&T 1996 Reply Comments at 8-9. However, as APCC pointed out, this estimate excluded such obviously relevant costs as local exchange line charges, dial-around compensation collection costs, and commission costs. APCC's 1996 Opposition to IXCs' Petitions for Reconsideration at 14-15. Including 6-7 cents per call

(Footnote continued)

2. There are no major differences in variable costs that are assignable to local coin calls and dial-around calls

As for *variable costs*, the record indicates there is only a slight differential, if any, between costs attributable to local coin calls and 800/access calls. One category of variable costs, *commission expenses,* is attributable to all types of calls, and is unlikely to vary except in relation to the price of calls. Location owners demand and receive commissions on every form of revenue derived from a payphone, including 800/access compensation.

In a second category of variable costs, *local network usage costs*, LEC rates for local usage are falling. In many states, LECs tariffs currently allow PSPs to obtain service at a flat rate with no local usage charge at all. APCC has surveyed LEC local usage tariffs in the ten largest LEC study areas, which cover 67.9 million presubscribed access lines. The results show that local usage charges average roughly 3 cents per call. See Attachment 2. Thus, while IXCs have claimed that this category of costs represents a significant differential between costs of local coin calls, for which local usage charges are paid, and dial-around calls, for which payphone providers do not incur local usage charges, the local usage cost differential is of minimal significance.

(Footnote continued)
(AT&T at 7-8, n. 7) for line charges immediately increases the cost to 12-18 cents per call. Adding 25% for commissions brings this total to 15-22.5 cents per calls, and adding 10% for the collection costs associated with dial-around compensation (see below) brings the total to 16.5-25 cents per call. In addition, AT&T apparently omitted a reasonable return on investment. When a 1 cent per call return is included, AT&T's costs reach 18.5-26 cents per call. Finally, AT&T's analysis contains one other major flaw. AT&T assumed a call volume of 500-700 calls per month. But four or five hundred of these calls are coin calls. When the estimates are corrected to reflect the average volume of 200 coinless calls per month reflected in the record, the AT&T coinless payphone cost per call increased to 65 cents per call. And these estimates relate to assumedly lower-cost coinless payphones.

The only other major category of variable costs is *compensation collection costs*. To establish a *differential* between costs of local coin and dial-around calls, it is necessary to compare coin collection costs with the costs of collecting dial-around compensation. The amount of variable costs attributable to *coin collection* is limited, because coin collection is generally combined with general maintenance visits to the payphone. Based on communications from APCC members, APCC estimates that variable coin collection costs average roughly three cents per call.

Based on APCC's experience in operating a clearinghouse for collection of access code compensation from 1992 to the present, at least 8% of billed compensation is not collected. This short fall translates into collection losses of roughly 3 cents per call. (.08 x $.35 + $.028). Compensation losses are likely to increase under a per-call compensation system, due to the difficulty of ensuring accurate call counts.

In addition, even when dial-around compensation is paid, there is currently a minimum of 3-6 months (and sometimes longer) delay between placement of the call and payment of compensation. Since coins are collected within a few weeks at most, the dial-around compensation delay adds another 3% or so in interest -- or one cent per call -- compared with the timing of coin collection.

Finally, there is the dial-around compensation collection fee, as well as the PSPs' own dial-around-related expenses. Although APCC's current collection fee translates into less than half a cent per call, the costs of collection, including any necessary litigation, are likely to escalate under a per-call system, because of the need for PSPs to monitor calling patterns and payments involving hundreds of individual carriers.[12] As the FCC has recognized, per-call compensation involves a substantial trade-off of administrative convenience compared with the flat-rate system. It is conservative to project that additional costs and losses under the per-call system will amount to at least one cent per call. Therefore, it is reasonable to estimate dial-around compensation collection costs to be roughly 5-6 cents per call. This is substantially higher than any reasonable estimate of coin collection costs.

In summary, analysis of variable costs indicates that the variable costs attributable to dial-around calls roughly cancel out the variable costs attributable to local coin calls.

D. Average Per-Call Costs Support A Rate Higher Than 35 Cents Per Call

In order to provide a rough check on the compensation level indicated by market surrogates, APCC requested data from its members on their total cost of operations and their total volume of calls. From the data submitted, representing 46 companies and 95,000 payphones, APCC has calculated a rough average cost per call for the independent industry. The average cost per call for the companies surveyed is 41 cents per call. See Attachment 3.

APCC's average cost analysis is consistent with data previously submitted in this proceeding by independent PSPs. For example, the Illinois Public Telecommunications

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12 Many of these carriers' dial-around shares are so small that the cost of collecting compensation is likely to exceed the benefit. The court of appeals estimated that payments from IXCs could collectively add up to $4 million per month - or one or two cents per call. IPTA at 17.

Association ("IPTA") submitted cost information from three PSPs of varying size and service area. The per-call costs of these Illinois companies ranged between $.37 and $.55 per call. IPTA 1996 Comments at 11.

APCC believes the results of its survey establish only a *lower* limit for the zone of reasonableness of compensation. As noted above, most payphone costs are fixed in relation to call volumes. However, many of these "fixed" costs are related to the purchase and installation of payphone equipment, and thus increase directly in proportion to the number of payphones a company installs. Thus, adding payphones with lower than average call volumes or higher than average costs is likely to increase overall average per-call costs. RBOC 1996 Comments at 14. In the study submitted in this proceeding by Strategic Policy Research, it was pointed out that compensation based on average per-call costs may be too *low* to "promote the widespread deployment of payphones" as Congress intended (47 U.S.C. § 276), because companies would avoid adding any payphones that tended to increase their average per-call costs, unless they could recover the additional costs from calling rates at the payphone. SPR Study at 26-27.

II. INTERIM COMPENSATION

As the Public Notice explains, the Commission established a two-year interim compensation plan. For both years, the Commission set the interim compensation rate of $.35 per call. In the first phase, the 35-cent rate applies on the basis of an assumed 131 calls per payphone per month, so that each PSP receives a flat monthly fee of $45.85 per payphone. In the second phase, the 35-cent rate applies on a straight per-call basis.

A. There Is No Reason To Reduce The 35-Cent Interim Rate

As discussed above, APCC believes that permanent compensation can be set either as a uniform per-call rate based on market rate indicators, or as a rate that automatically varies based on a market surrogate such as the local coin rate. If the Commission decides to set a permanent per-call rate at a uniform number, then there is no need for a separate interim per-call rate. There will be just one per-call rate that will remain in effect until it is appropriate to revisit the level of compensation.

If the Commission sets the permanent compensation rate at a level that varies based on a market surrogate such as the local coin calling rate, as under the existing rule, then the Commission must set an interim per-call rate based on the predicted value of the surrogate. Any such surrogate, in order to permit cost-recovery, must at least equal the current interim per-call rate of 35 cents per call. The Commission's estimate of the likely per-call rate once deregulation has taken effect was not disturbed by the Court, and remains valid.

B. Interim Flat-Rate Compensation

The interim flat rate is set as a function of the interim per-call rate. In the event that it becomes necessary to re-set the level of interim flat-rate compensation, the Commission should set the overall level of interim flat-rate compensation equal to the interim per-call rate times the number of dial-around calls *currently* estimated for the period in question. Thus, if the Commission decides to require a retroactive "true-up" of interim flat-rate compensation, the relevant number of dial-around calls is the number of calls estimated for the period from October 1996 to October 1997. APCC has collected a comprehensive set of dial-around data from a survey of its members, covering the period from February 1996 through December 1996.[13] Based on this data, APCC estimates average dial-around calling volumes for the interim flat-rate period to be 152 calls per payphone per month. See Attachment 4. Therefore, in the event that the Commission must re-set the level of interim flat-rate compensation, the Commission should base the calculation of flat-rate compensation on an average of 152 calls per payphone per month, instead of the 131 calls per payphone per month previously assumed.

III. COMPENSATION CHANGES SHOULD NOT BE APPLIED RETROACTIVELY

A. The Filed Rate Doctrine And The Rule Against Retroactive Ratemaking Generally Prohibit Retroactive Modification Of Previously-Approved Rates

Two related doctrines -- the filed rate doctrine and the rule against retroactive ratemaking -- generally prohibit the Commission from retroactively modifying a rate previously approved by the Commission. First, the filed rate doctrine "forbids a regulated entity to charge rates for its services other than those properly filed with the appropriate federal regulatory authority." Arkansas Louisiana Gas Co. v. Hall, 453 U.S. 571, 577 (1981). Under this doctrine, the Commission may not impose a retroactive rate adjustment for a previous period in which a Commission-approved rate had been charged.

[13] APCC is currently reviewing additional data collected for the first seven months of 1997. Based on preliminary analysis, the 1997 statistics indicate a lower number of total monthly calls per payphone, but no reduction in monthly dial-around calls per payphone.

Second, the rule against retroactive ratemaking prevents the Commission from imposing prospective surcharges or refunds to compensate parties for over-recoveries or under-recoveries experienced in prior periods. Southern California Edison Co. v. FERC, 805 F.2d 1068, 1070 n.2 (D.C. Cir. 1986).

One of the primary purposes of these rules is to ensure rate predictability and stability for all industry participants. Columbia Gas Transmission Corp. v. FERC, 831 F.2d 1135, 1141 (D.C. Cir. 1987); Electrical Dist. No. 1 v. FERC, 774 F.2d 490, 493 (D.C. Cir. 1985). Put simply, by preventing an agency from retroactively adjusting a previously-approved rate, these doctrines (1) guarantee that a rate, once approved, will remain in effect until replaced by another agency-approved rate and, therefore, (2) permit regulated entities and their customers to conduct efficient business transactions based on a single, steady, predictable rate that will remain unaltered during a specific period of time.

B. Under Certain Circumstances, The Commission Has Discretion As To Whether It Will Apply The New Rate Retroactively Or On A Prospective Basis Only

Despite the general prohibition against the retroactive modification of rates, when an agency order approving a rate is rejected on appeal and the parties were on notice that the initially-approved rate was subject to modification, the agency has some discretion as to whether it will apply the new rate retroactively or on a prospective basis only. Towns of Concord, 955 F.2d 67; PUC, 988 F.2d 154. This discretion applies whether the new rate is higher or lower than the old rate. Natural Gas Clearinghouse v. FERC, 965 F.2d

1066 (D.C. Cir. 1992) (higher rate); Northwest Pipeline Corp. v. FERC, 61 F.3d 1479 (10th Cir. 1995) (lower rate).

C. The Commission Should Not Apply The New Rate Retroactively

In cases where retroactive modification of rates is permissible, the Commission must decide whether to impose such retroactive remedies based on the equities underlying each case:

> Recently, [the D.C. Circuit] held that the standard of review of an agency refund order is whether the agency decision is "equitable in the circumstances of this litigation." The stress upon "equitable considerations," indicates that, while the agency has a duty to consider the relevant factors in making a refund decision and enjoys a broad discretion in weighing these factors, the precise manner in which these general principles should be applied by a reviewing court depends upon, as is traditional in cases sounding in equity, the facts of the particular case.

Las Cruces TV Cable v. FCC, 645 F.2d 1041,1047-48 (D.C. Cir. 1981) (quoting Wisconsin Electric Power Co. v. FERC, 602 F.2d 452, 457 (D.C. Cir. 1979)). In Towns of Concord, the D.C. Circuit clarified that there is no presumption in favor of retroactive refunds or surcharges and, in fact, that equity generally disfavors the imposition of retroactive refunds:

> Customer refunds are a form of equitable relief, akin to restitution, and the general rule is that agencies should order restitution only when "money was obtained in such circumstances that the possessor will give offense to equity and good conscience if permitted to retain it."

Towns of Concord, 955 F.2d at 75 (emphasis added) (quoting Atlantic Coast Line R.R. v. Florida, 295 U.S. 301, 309 (1935)). The Commission recently adopted the Towns of

Concord decision, holding that "[j]ust as FERC has discretion to consider matters of equity in ordering refunds under the Federal Power Act, we have discretion to consider matters of equity under the Communications Act." In the Matter of Investigation of Special Access Tariffs of Local Exchange Carriers, 6 Comm. Reg. 555, 607 (1997) ("Special Access Tariffs") (citing Towns of Concord, 955 F.2d at 72; Las Cruces, 645 F.2d at 1046-48).

In this instance, in the event that the Commission establishes a new rate lower than the current interim rate, the equities clearly do *not* support requiring a retroactive refund from independent PSPs.

The current proceeding is an outgrowth of Docket No. 91-35, in which the Commission erroneously failed to award independent PSPs compensation for subscriber 800 calls. In that initial payphone compensation decision, the Commission erroneously interpreted TOCSIA's mandate to "consider the need to prescribe compensation" for independent PSPs as applicable only to access code calls, not to subscriber 800 calls. After several years of delay (granted at the behest of IXCs and the Commission based on allegedly related reconsideration proceedings), the court of appeals finally heard APCC's appeal of the Commission ruling, and overturned it, holding that Section 226 did in fact authorize the Commission to prescribe subscriber 800 compensation. Congress then confirmed, by enacting Section 276, that PSPs were in fact entitled to compensation for subscriber 800 calls. Florida Public Telecommunications Association v. FCC, 54 F.3d 857 (D.C. Cir. 1995) (FPTA). The Commission folded its proceeding on remand of FPTA into the present proceeding on Section 276. APCC then requested that the Commission take a modest step to recognize independent PSPs' entitlement to compensation under FPTA by making the interim compensation in this proceeding retroactive at least to the date of the Notice. The Commission rejected this request, stating only that compensation was being provided "as soon as practicable." Payphone Order, ¶ 126.

If the FCC reduces the compensation rate in this remand proceeding, the IXCs can complain only that they paid too much compensation for, at most, about one year. Independent PSPs were deprived of *any* compensation for subscriber 800 calls (about 70% of compensable calls) for *more than four years.* It cannot be equitable to require PSPs to give back any of the compensation they have received to date, when that compensation barely begins to make up for four year's worth of uncompensated subscriber 800 calls.

In addition, PSPs have collected compensation in good faith under the current rule, and are in no way at fault in collecting such rates.

Further, PSPs have made important business decisions and taken steps in reliance on the compensation rate established by the Commission. The uncertainty over the continuation of that compensation is itself a source of harm to the industry. It is inequitable to add to the consequences of this uncertainty over future compensation a requirement for a major refund to carriers of compensation already collected.

By contrast, a retroactive refund would apparently bestow a windfall on the IXCs since they have apparently already insulated themselves from harm by passing their compensation payments on to their subscribers. Although the picture is not entirely clear, based on news accounts and those filed tariffs that were available, it appears as though few if any of the costs of interim compensation have been borne by the IXCs. Instead, the IXCs have passed their compensation costs through to their customers. There is no assurance that any refunds recovered by IXCs from PSPs will be returned to their customers,[14] and thus such refunds would constitute windfalls to the IXCs. Furthermore, many of the increases that the IXCs have imposed on their ratepayers are at the full interim rate, and do not reflect the $200 million reduction in carrier common line rates that resulted from removal of RBOC payphone costs from interstate access charges to say nothing of such access charge reductions as have occurred at the state level.

Beginning at least as early as December, 1996, the carriers began to take steps to recoup any alleged increases in costs resulting from payphone compensation. In some cases, these steps amounted to a direct imposition of costs on payphone users. In December 1996, for example, Sprint revised its FCC Tariff No. 2 to add a $.15 per call Payphone Surcharge for "all Originating payphone traffic including FONCARD traffic, toll free switched and dedicated services traffic, Prepaid card service traffic, and 10XXX-0 Plus Dial Around service traffic" effective December 1, 1996.[15] Effective April 1, this charge

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14 For example, while AT&T has stated that it will roll back increases it has put in place on calling card calls, to recover payphone compensation costs, AT&T has not pledged to refund retroactive reductions. Attachment 5. Furthermore, AT&T has not been clear about the other increases it has imposed on end users to recover payphone compensation costs. See id. (noting a 7% increase in toll-free interstate rates and interstate business and international calling).

15 Sprint has estimated that its total monthly cost of paying its $4.97 share of the monthly $45.85 per payphone interim compensation to PSPs is $2.5 million, and it was recovering this new cost through the $.15 surcharge. Attachment 6.

jumped to $.35.[16] Other carriers were at least initially more indirect. AT&T, for example, increased interstate 800 rates by 3% in February, 1997, allegedly to recover increased payphone costs.[17] MCI spread "increase[d] rates as a result of the Payphone Recovery Order" of the FCC across some 21 categories of service, none of them seemingly related to payphone services.[18] Subsequently, some of these carriers levied ***additional*** direct charges on payphone users. See Attachments 10 and 11 (showing ***additional*** MCI end user surcharges) and Attachments 12-14 and (showing ***additional*** AT&T end user surcharges).[19] Apparently, the IXCs have been imposing similar charges at the state level.[20]

The foregoing discussion is meant only to be illustrative. It has not been possible to sort out entirely the array of tariff filings and press statements by the IXCs. But it is plain that the IXCs are already recovering substantial portions, if not all, of any increased payments to IPPs. Certainly there must be a full accounting by the IXCs, with appropriate documentation, before the Commission can contemplate, much less direct, any retroactive reduction in interim compensation.

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16 See Attachment 7.

17 See Attachment 8.

18 See Attachment 9.

19 While AT&T apparently subsequently rescinded *some* of those surcharges after they had been in effect for a short while, not all of the increases appear to have been rescinded. Compare AT&T Transmittal No. 10768 (June 25, 1997) to Attachments 13 and 14. Transmittal 10768 did not rescind the payphone surcharges imposed in AT&T Tariff 13, Section 19.K.2.1 or Tariff 27, Sections 8.1, 241.5H.

20 See, e.g., Attachment 15.

D. If The Commission Applies A Rate Reduction Retroactively, It Must Also Retroactively Compensate Independent Payphone Providers For Subscriber 800 Calls That Went Uncompensated During The 1992-96 Period Due To Commission Error

In the event that the Commission does decide that equity requires a retroactive refund, the Commission must also provide a retroactive true-up for independent PSPs for unpaid compensation for subscriber 800 calls during the 1992-96 period.

Equity cries out for the Commission to right this wrong.[21] In the event that the Commission undertakes a true-up in order to provide equitable treatment to correct its legal errors, it is entirely appropriate to extend such equitable actions to include correction of its legal error with respect to TOCSIA compensation.

To the same extent that it is "practicable" to order a retroactive true-up of compensation on remand of IPTA, the Commission must recognize that it is equally "practicable" to extend the true-up to include the period governed by FPTA. A flat-rate compensation mechanism has been in place since 1992, and there is nothing in that mechanism that need be changed, other than the level of compensation, in order to implement a retroactive true-up. Eligibility for a true-up appropriately can be limited to those PSPs that already filed claims for compensation in the relevant periods.

The amount of retroactive compensation to which PSPs are entitled to correct the FPTA error can be estimated by extrapolating from the current estimate of

[21] Whatever the nature of the FPTA remand, Section 276 makes it clear that PSPs are entitled to payment for subscriber 800 calls. This unequivocal declaration of legislative policy should govern the FCC's assessment of the equity case for correcting its previous legal error.

compensable calls, based on overall growth in 800 call volumes. APCC's 1996 survey shows that 108 subscriber 800 calls were made per month from the average payphone. See Attachment 4. In 1996, the number of 800 calls made in the United States was roughly 27.6 billion. See Inside the 1-800 Factory, Los Angeles Times Magazine, August 3, 1997. From 1993 to 1995, roughly 20 billion 800 calls were made per year. See 800 Business Continues Rapid Growth, Telecommunications Alert, June 3, 1994; Toll Free Cellular Rings in $8 Million to Finance Rollout, Puget Sound Business Journal, July 28, 1995; It's the Last Call for 1-800, The Financial Post, January 18, 1996.

Assuming that the ratio of the total number of 800 calls made per year and the number of 800 calls made per payphone per year has remained constant, projecting the 108 800 calls per month figure for 1996 backwards for years 1993 to 1995 yields roughly 78 800 calls per month per payphone for each of those years. Further assuming that slightly fewer 800 calls were made in 1992 as in 1993-1995, 60 800 calls per month is a reasonable estimate for that year.

E. If Compensation Is Increased, Then It Should Be Applied Retroactively

If the Commission decides to increased the rate of dial-around compensation, then the balancing of equities is different. As discussed above, a prior Commission error caused independent PSPs to be deprived of some 70% of their rightful compensation for a period of more than four years. Unless the Commission undertakes to remedy this error directly, as discussed above, the equities clearly favor at least recompensing independent

PSPs for any shortfall between the current 35 cents level and the level that the Commission ultimately decides is correct.

IV. IN ADDRESSING INTERIM 0+ COMPENSATION ON REMAND, THE COMMISSION SHOULD ENSURE COMPENSATION FOR ALL PSP'S THAT HAVE BEEN UNABLE TO OBTAIN 0+ COMPENSATION ON A CONTRACTUAL BASIS

In addressing compensation for 0+ calls during the interim period, the Commission should recognize that any PSP -- not Bell companies alone -- may qualify for interim compensation to the extent that the PSP rates 0+ calls to a carrier and receives no compensation under a contract with that carrier. For example, if a location owner has previously contracted to have 0+ interLATA calls sent to a particular carrier, and that contract has not expired, a PSP installing a payphone often has no choice but to continue routing 0+ interLATA calls to the same carrier, and will receive no compensation for those calls. Since Section 276 requires compensation for every call, a PSP in this situation has the same entitlement as a Bell company to receive interim 0+ compensation.

CONCLUSION

The Commission should address the court's ruling on remand in accordance with the foregoing comments.

Dated: August 26, 1997

Respectfully submitted,

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ATTACHMENT 1

Sample Tariffs for 0- Transfer Service

6. Switched Access Service (Cont'd)

6.9 Rates and Charges (Cont'd)

6.9.1 Switched Transport (Cont'd)

(D) Chargeable Optional Features

(1) Operator Transfer Service

	Per Call
All States	
- Per Call Transferred	.28

(2) Inward Assistance Service

All States	
- Per Busy Line Verification	0.90
- Per Busy Line Interrupt	1.10
- Per Operator Assistance	0.65

	USOC	Monthly Rate	Nonrecurring Charge
(3) Signal Transfer Point (STP) Access			
All States			
- Per Port	PT8SX	$450.00	$475.00

	USOC	Per Signaling Message	
(4) Signal Switching			
Per Message			
- IAM		0.000250	T
- TCAP		0.000160	
(5) Signal Tandem Switching			
Per Message			
- IAM		0.000550	T
(6) Signal Transport			
Per Message			
- IAM		0.000120	T
- TCAP		0.000080	

6. Switched Access Service (Cont'd)

6.9 Rates and Charges (Cont'd)

(D)

		USOC		Rates Per Access Minute	
6.9.7	Switched 56 Kilobit Service	USOC		Rates Per Access Minute	(M)(T)
	- Per S56 access minute	56S		$ .000000	
6.9.8	Operator Transfer Service	USOC	Nonrecurring Charge	Usage Charge	(T)
	- Per Call Transferred	-	-	$ .28	
6.9.9	0+900 Access Service				(T)
	(A) Activation per end office	-	$400.00	-	(M)

Material appearing on this page formerly appeared on Pages 274.7 and 274.8.
Material formerly appearing on this page now appears on Page 262.5.

(This page filed under Transmittal No. 917)

Issued: October 30, 1996 Effective: December 14, 1996

Vice President
1310 North Court House Road, Arlington, Virginia 22201

ACCESS SERVICE

18 - BellSouth Operator Services (T)

18.1 BellSouth Operator Transfer Service (T)

18.1.3 Obligations of the Customer (Cont'd) (N)

The customer must order capacity sufficient to handle customer operator services end user requests for interLATA service originating from all Telephone Company end offices within each LATA of the BellSouth Operator Services System serving area where BellSouth Operator Transfer Service is requested. (M) (M) (T) (T)

(E) Jurisdictional reporting will apply as specified for BellSouth SWA FGC, BellSouth SWA FGD or BellSouth SWA TSBSA 2 or BellSouth SWA TSBSA 3 in Section 2.3.10 preceding for determining the Percent Interstate Usage (PIU). (T) (T)

18.1.4 Rate Regulations

(A) The Operator Transfer charge is applied on a per end user request for interLATA service transferred basis, as set forth in 18.1.5 following. A request shall be considered transferred when the Telephone Company operator activates the BellSouth Operator Services System switch which routes the call from the BellSouth Operator Services System location to the customer location.

(B) Switched access premium rates and charges, recurring and nonrecurring, as set forth in 6.8 preceding will apply to all end user requests for interLATA service transferred from the BellSouth Operator Services System location to the customer location via the customer's BellSouth SWA FGC, BellSouth SWA FGD or BellSouth SWA TSBSA 2 or BellSouth SWA TSBSA 3 trunks. In addition, Rate Regulations as specified in 6.7 preceding will apply. (T) (T) (T) (T)

18.1.5 Rates and Charges

	ALL STATES Rate per End User Request for InterLATA Service Transferred
(A) Bellsouth Operator Transfer Services	.35

Certain material appearing on this page previously appeared on 4th Revised Page 18-2

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31. The NYNEX Telephone Companies Rates and Charges (Cont'd)

31.8 Operator Services

	USOC	Rate	
31.8.1 Inward Operator Services	LVT		
(A) BLV, per verification requested		$2.000000	(I)
(B) BLV/I, per verification and interruption requested		3.000000	(I)
31.8.2 Operator Passthrough Service			
(A) Operator Passthrough Charge			
- Per call		0.300000	
(B) Service Rearrangement 0- Passthrough, Change in Operator Services Traffic Arrangement			

	USOC	Nonrecurring Charge
- Per First TOPS office rearranged	NRB01	$169.82
- Per Additional TOPS office rearranged	NRB02	108.98

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.2 Switched Transport (Cont'd)

(I) Chargeable Optional Features — Rate

(1) Operator Transfer Service

- Per Call Transferred — $.30

(2) Multiplexing - per Arrangement

	USOC	ZONE	Monthly Rate	Nonrecurring Charges
DS3 to DS1				
- Per Arrangement	MQ3SW	1	$325.00	None
- Per Arrangement	MQ3SW	2	350.00	None
- Per Arrangement	MQ3SW	3	375.00	None
DS1 to Voice/Digital				
Option 1	MQ1SW	1	250.00	None
Option 2	MQ2SW	1	250.00	None
DS1 to Voice/Digital				
Option 1	MQ1SW	2	275.00	None
Option 2	MQ1SW	2	275.00	None
DS1 to Voice/Digital				
Option 1	MQ1SW	3	300.00	None
Option 2	MQ1SW	3	300.00	None

(3) Carrier Identification Parameter (CIP) N

	USOC	Monthly Rate	Nonrecurring Charge	
- Per Trunk Group	C1PAT	$45.00	None	N

A.E. Swan, Executive Director
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16. OPERATOR SERVICES (Cont'd)

16.6 Rates and Charges

All rates contained in this section are applicable as specified to Arkansas, Kansas, Missouri, Oklahoma and Texas.

		Rate per Call Transferred	
(A)	Operator Transfer*		(T)
	Arkansas, Missouri, Oklahoma, Texas	$0.282	
	Kansas	$0.282	
(B)	Inward Assistance	Per Attempt	
	(1) Busy Line Verification	$0.75	
	(2) Verification with Call Interrupt	$1.49	
	(3) Operator Assistance	$0.22	

* In addition, Switched Access charges are applicable as detailed in 16.5.1 (Rate Categories).

8. ANCILLARY SERVICES (Cont'd)

8.7 Operator Services (Cont'd) (N)

8.7.4 Rates and Charges

		Rate
(A)	Operator Transfer Service	
	Per call transferred	$ .35
(B)	Inward Operator Assistance Service	
	Per call, per telephone number	$ .65

(N)